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**U.S. DEPARTMENT OF THE INTERIOR**

**OFFICE OF INSPECTOR GENERAL**

**AUDIT REPORT**

MEMORANDUM AUDIT REPORT

REVIEW OF THE THREE AFFILIATED TRIBES'  
(ARIKARA, HIDATSA, AND MANDAN INDIANS)  
JUDGMENT AWARD TRUST FUNDS



**This report may not be disclosed to anyone other than the auditee  
except by the Assistant Inspector General for Administration,  
Office of Inspector General, U.S. Department of the Interior,  
Washington, D.C. 20240.**



# United States Department of the Interior

## OFFICE OF INSPECTOR GENERAL

CENTRAL REGION  
134 UNION BLVD, SUITE 510  
LAKEWOOD, COLORADO 80228

January 27, 1989

### MEMORANDUM AUDIT REPORT

To: Area Director, Aberdeen Area Office,  
Bureau of Indian Affairs

From: Regional Audit Manager

Subject: Review of the Three Affiliated Tribes' (Arikara, Hidatsa, and  
Mandan Indians) Judgment Award Trust Funds (No. 89-41)

#### Introduction

The Office of Inspector General reviewed the Three Affiliated Tribes' judgment award trust funds as part of an overall review of Bureau of Indian Affairs' tribal trust fund management. Appendix 1 lists the Tribes' judgment awards by docket numbers and includes award and appropriation data. This is one of a series of audit reports which are being issued for each fund reviewed. The objective of this review was to determine if (1) the Bureau was properly fulfilling its trust responsibilities in monitoring, investing, and accounting for judgment award funds and (2) judgment award funds were being expended in accordance with approved plans.

#### Background

The Arikara, Hidatsa, and Mandan Indians who reside on the Fort Berthold Reservation received five judgment awards from June 1975 to August 1981 which totaled \$52 million. The net award after legal fees was \$46 million. The judgment awards were for lands taken and for the Bureau's mismanagement of funds and other property of the Tribe. Each judgment award was required to be accompanied by a Congressionally approved plan for use of the funds. The approved plans provided that the funds could be used for land acquisition, community development, and Tribal programs. As of September 30, 1988, the judgment award fund balances totaled about \$11 million.

#### Scope of Audit

We reviewed the management of the funds from award dates through September 1988. We reviewed legal documents authorizing the funds, the approved plans for the use of the funds, and accounting transactions from fiscal year 1980 through 1988 affecting the fund balances. We did not review expenditure transactions incurred by the Tribe. Our review was performed at the Bureau's Division of Trust Fund Management and the Branch of Trust Fund Accounting located in Albuquerque, New Mexico; the Fort Berthold Agency in Fort Berthold, North Dakota; and the Aberdeen Area Office in Aberdeen, South Dakota.

As part of our review, we performed a limited evaluation of internal controls related to these funds. Because our scope was limited, we are not discussing internal controls in this report. The Bureau has contracted with a certified public accounting firm to perform a review of and report on internal control weaknesses over trust fund accounting and management.

Our review was made, as applicable, in accordance with the "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary.

#### Prior Audit Coverage

The Office of Inspector General has not previously audited these funds.

#### Results of Review

Our review of the Three Affiliated Tribes' judgment award funds disclosed no material problems with the Bureau's management of the funds and we determined that the the Tribe withdrew funds for purposes specified in the approved plans. In addition, our review did not disclose any accounting and management discrepancies which would have a material affect on the fund balances. We did, however, identify five fund activity accounts with negative balances totaling \$18,930. These negative balances (listed in Appendix 2) were caused by accounting errors. The negative balances result in the fund balances in other activity accounts being overstated by the \$18,930. We recommend that the accounting errors be corrected and the negative balances be eliminated. This report, after the negative balances have been eliminated, can be used to establish the validity of the recorded balances as of September 30, 1988. A response to this report is not required.

If you have any questions regarding this report, please contact Mr. Donald Kautzman, Regional Audit Supervisor, or me on FTS 776-9243.

  
Andrew Payne

cc: Audit Liaison Officer, Indian Affairs  
Audit Liaison Officer, Bureau of Indian Affairs  
Chief, Division of Trust Funds Management, Bureau of Indian Affairs  
Chief, Division of Accounting Management, Bureau of Indian Affairs  
Chief, Branch of Trust Fund Accounting, Bureau of Indian Affairs

THREE AFFILIATED TRIBES

JUDGMENT AWARD FUNDS

Docket	Award	Award	Appropriation	Appropriation	Appropriated	Legal	Net	Balance as
<u>Number</u>	<u>Date</u>	<u>Amount</u>	<u>Numbers</u>	<u>Date</u>	<u>Amount</u>	<u>Expenses</u>	<u>Award</u>	<u>of 9/30/88</u>
350-F	08/02/72	\$ 8,809,057	14X9006, 14X9506	06/12/75	\$ 9,101,912 <sup>1/</sup>	\$ 934,435	\$ 8,167,477	\$ 212,933
350-C	03/17/76	6,500,000	14X9008, 14X9508	06/01/76	6,500,000	712,102	5,787,898	-0-
350-D	03/17/76	3,200,000	14X9009, 14X9509	06/01/76	3,200,000	350,737	2,849,263	2,077,361
350-G	05/29/81	10,250,000	14X9028, 14X9528	06/09/81	10,250,000	1,110,750	9,139,250	8,568,065
54-81L	08/07/81	<u>22,755,419</u>	14X9029, 14X9529	08/25/81	<u>22,755,419</u>	<u>2,275,542</u>	<u>20,479,877</u>	<u>(2,420)</u>
Total		\$51,514,476			\$51,807,331	\$5,383,566	\$46,423,765	\$10,855,939
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<sup>1/</sup>Includes interest from date of award to appropriation date.

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THREE AFFILIATED TRIBES

JUDGMENT AWARDS FUNDS

Transfers Required to Eliminate Negative Balances

In Activity Accounts as of September 30, 1988

Transfers To		Transfer From	
		<u>9509/2621</u>	<u>9528/2621</u>
9509/2615	\$ 619.31	(\$619.31)	
9528/2600	299.58		(\$ 299.58)
9528/2623	15,591.23		(15,591.23)
9529/2615	2,180.84		(2,180.84)
9529/2618	<u>239.09</u>	<u>          </u>	<u>(239.09)</u>
	\$18,930.05	(\$619.31)	(\$18,310.74)
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